

DEPARTMENT OF TRANSPORTATION

DIVISION OF RIGHT OF WAY
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March 3, 2003

California Telecommunications Companies

To Whom It May Concern:

As you may be aware, since the effective date of Government Code Section 14666.6 on January 1, 2000, the Department has made its controlled access highways (freeways, expressways and bridges) available for longitudinal ("corridor") telecommunications installations. Traditional prohibitions on other types of utility installations have not been changed.

To date, there have been five separate license agreements, all of which have required payment of "fair and reasonable compensation" as provided for in the 1996 Federal Telecommunications Act (47 U. S. C. sec. 253 (c)). The compensation rate, to date, is a one-time payment of \$6.40 per 1 ¼" conduit or cable linear foot (whether empty or full), which the Department determined was the actuarial equivalent of 50 cents a year per 1 ¼" conduit linear foot on a thirty-year term.

Based on the success of this program to date and the continuing success of the Department's wireless licensing program, the Department is considering a more comprehensive rate schedule, and will bring a specific proposal before the Airspace Advisory Committee of the California Transportation Commission on April 10, 2003.

We are seeking input from the industry on this issue.

To insure payments are required on a "...competitively neutral and nondiscriminatory basis..." as required by federal law, it is envisioned a statewide schedule will be developed which will apply equally to all carriers, rather than having independent contracts for each segment.

Issues, which will be addressed:

1. Is it appropriate to have one statewide rate, or should the rates be geographically or population based?
2. Should rates be annual or one time (or should both options be available)?
3. Should rates be based on cable capacity?
4. How should copper wires be valued?
5. Should conduits be valued the same as fiber cables?
6. What is an appropriate length on any such license agreement?
7. What is an appropriate rate?
8. Should empty conduits be subject to the same rate?
9. Should the length of the installation affect pricing?

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To date, our market research indicates annual rates per 1 ¼" conduit foot of \$8.00 for Toll Bridges, \$4.75 for the San Francisco Bay Area, \$2.50 for urbanized Southern California, \$2.00 for smaller urban areas, and \$1.00 for rural areas.

It is possible members of the telecommunications industry have comparable agreements, which should be considered in determining the structuring of our program to benefit the people of the State and the industry. We are willing to work with any cooperating provider to insure the confidentiality of such information, as we did when the wireless pricing schedule was developed.

Please contact Peter Schultze; Right of Way Wireline Program Lead (916-654-2346; 1120 N Street, MS 37, Sacramento, CA 95814) prior to April 4, 2003, if you would like to discuss this issue or provide information that you believe will be of assistance to the Department in continuing this program.

Sincerely,

BARRY COWAN, Chief
Office of Real Property Services and Airspace